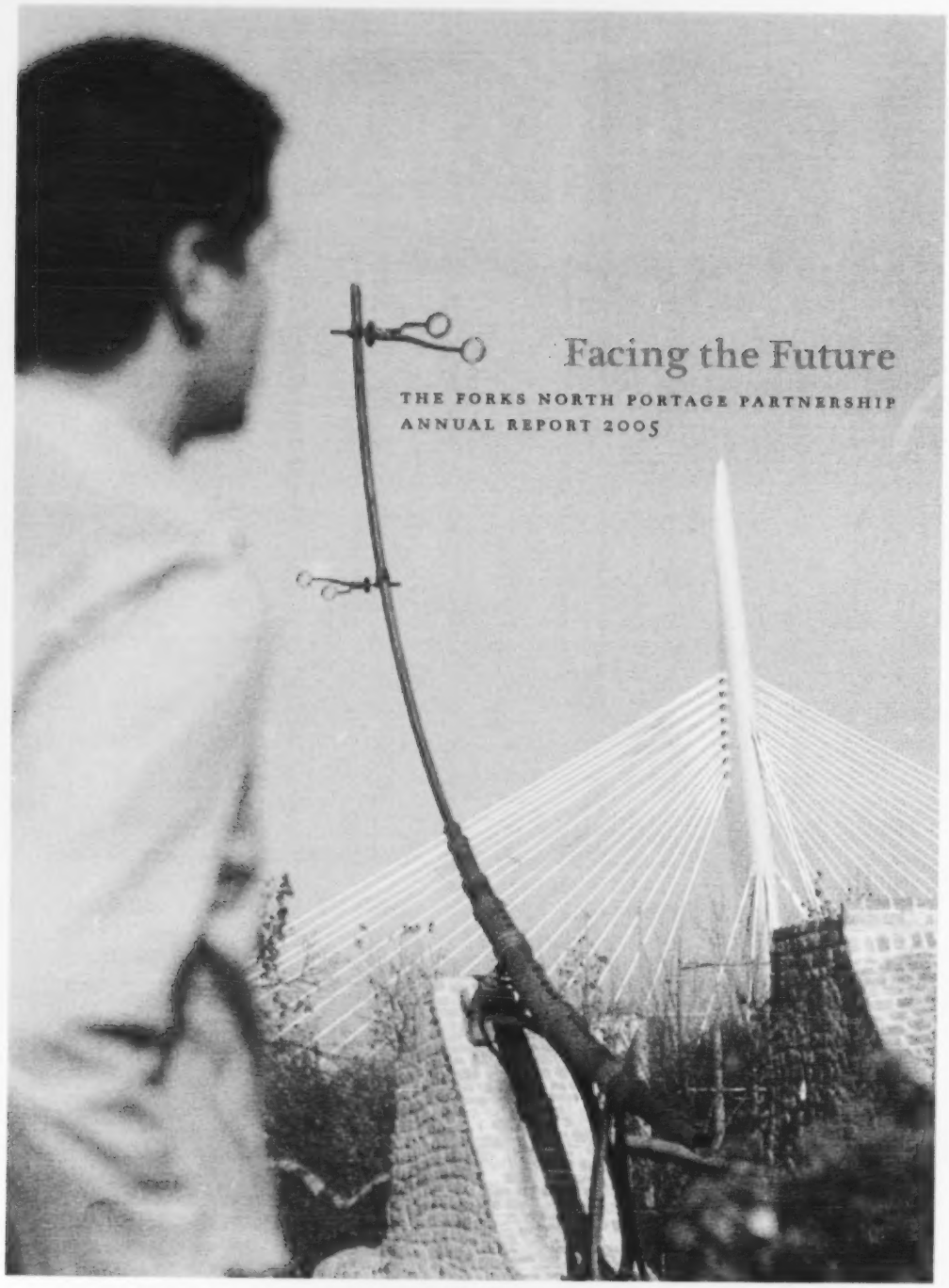


Facing the Future

THE FORKS NORTH PORTAGE PARTNERSHIP
ANNUAL REPORT 2005

WILLIAM NORRIE, Q.C.
Chair

JIM AUGUST
Chief Executive Officer

2008-05187/

Message from the Chair

It is gratifying to note that many major downtown projects, including The MTS Centre, The Millennium Library, Waterfront Drive, Esplanade Riel and Red River College have been completed, or are in various stages of completion. These initiatives, along with the recent groundbreaking of the new Manitoba Hydro building, truly show the progress made in our downtown over the course of just five short years.

I am pleased to add that The Forks North Portage Partnership made many contributions to that changed downtown landscape over the course of those same five years. This annual report provides a glimpse of last year, one of the best in our recent history in terms of development and announcements for our downtown.

On behalf of the Board of Directors, I extend our sincere appreciation to our many partners and team members for their hard work, dedication and support in accomplishing our vision and goals.

I also want to acknowledge the many men and women from our community who give their time, either as employees, partners or volunteers. It is the faces of all of these people that make up the diverse tapestry of those contributing in their own way to the revitalization of downtown. It is their collective work that helps us to deliver on our mission.

We are fortunate to enjoy the full support and encouragement of our three Shareholders: the governments of Canada, Manitoba and the City of Winnipeg. We look forward to our continuing working relationships with the shareholder representatives: The Honourable Reg Alcock, President of The Treasury Board and Minister Responsible for the Canadian Wheat Board, The Honourable Scott Smith, Minister of Intergovernmental Affairs and His Worship Mayor Sam Katz.

I would like to extend my appreciation, again on behalf of our entire Board of Directors, to our CEO Jim August, and members of the senior management team and all support staff for their continued commitment to our vision. As we face the future I know we have assembled a team eager to help make us, and ultimately our downtown, successful.

William Norrie, Q.C.
CHAIR

Message from the CEO

Five years ago The Forks North Portage Partnership introduced its Ten Year Concept and Financial Plan. Now, half way through that plan, I am proud to look back at what we have accomplished to this point.

In the North Portage neighbourhood we work to create a place to live, work and play in a safe and secure environment. We welcome The MTS Centre and the related development and business opportunities that it creates, along with the new ownership of Portage Place and their commitment to creating a successful retail destination. A focus on a variety of residential opportunities, entertainment venues, and partnerships with downtown stakeholders, including Downtown BIZ, CentreVenture, University of Winnipeg, Winnipeg Chamber of Commerce, many public servants and elected officials, architects, planners, developers, educators, property owners and managers, all contribute to creating a dynamic and vibrant downtown.

At The Forks we are pleased to be recognized as Winnipeg's number one tourist destination, something we strive to maintain and build on. In the previous five years alone we have seen significant changes to the site in the form of new tenants and completed projects: The Inn at the Forks, with "Winnipeg's most luxurious spa" and The Current restaurant; the award winning Sydney's at The Forks; a 285 stall parking structure; tenants like Tall Grass Prairie, The Original Pancake House, and Fergies Fish and Chips in The Forks Market; the prize winning Prairie Garden; an enhanced Festival Park with Broadway Promenade and the Peace Meeting site, as well as much improved parking and landscaping, including over 200 elm trees.

Our Forks events continue to attract large and diverse audiences. Over 200 organizers choose The Forks each year to host their own events. We have created signature events like Rogers Wireless Canada Day at The Forks, Arctic Glacier Winter Park, Jazz on the Waterfront, Dancing Under The Canopy, and Scotiabank Family New Year's Eve, all of which have become perennial favourites.

In the upcoming year we will continue to seek out housing initiatives in the downtown, including a design charette for the Marina Precinct along Waterfront Drive and continued exploration of housing options in the North Portage neighbourhood.

At The Forks we look forward to welcoming a world-class skateboard plaza in 2006. We will be working closely with Friends of the Museum to bring the Canadian Museum for Human Rights to the site. We will continue our site enhancements with stellar year-round programming.

I would like to thank the Board of Directors for their enthusiasm, knowledge and passion. I would also like to thank Bill Norrie for his leadership, guidance, and wisdom. As we face the future I look forward to working with the Directors in setting new directions and implementing new initiatives that build on the momentum in downtown Winnipeg.

Jim August
CHIEF EXECUTIVE OFFICER

LYALLA MCNEIL
Garden Volunteer - Adult Education Centre

Mission

North Portage - Shall be a centre of commerce, culture and living, integrated to form a diverse downtown community through a mixture of public uses including: residential, commercial and institutional, recreational, educational, and entertainment facilities.

Creating Neighbourhoods

The area known to us as North Portage just completed a year filled with successes and challenges. We continue to strive to do well for North Portage, to create a bright future for our downtown and the people who live, work and play here.

With the completion of The MTS Centre, Credit Union Central, the soon to be unveiled Millennium Library and construction beginning on Manitoba Hydro, the revitalization of downtown is happening all around us and within our boundaries.

We are continuing to market the concept of a mixed used development with a residential component atop Portage Place. The recent sale of Portage Place to The Peterson Group signals a brighter future for this shopping centre. An injection of expertise and retail knowledge, along with new investment in capital improvements and enhanced security, are showing positive results.

Portage Place management recently announced their retail space is fully leased, something that has not happened for many years. Underneath the mall, we recently completed our own upgrade to all of the lighting in the Portage Place parkade, enhancing security and increasing our energy savings.

We have played a direct role in attracting new tenants to occupy vacant office space within our mandate area. The Carlton Building occupancy rate has reached 100% with the recent leasing of many of the retail spaces lining the skywalk to The MTS Centre.

Our ability to offer affordable, safe parking within a five minute walk of The MTS Centre will continue to positively affect our parking revenues.

IMAX is performing well with its educational programming. However, the theatre continues to experience shortfalls in its revenue forecasts and management have increased efforts to diversify the offering, with Hollywood pictures, unique corporate functions and sponsorship opportunities for films and events.

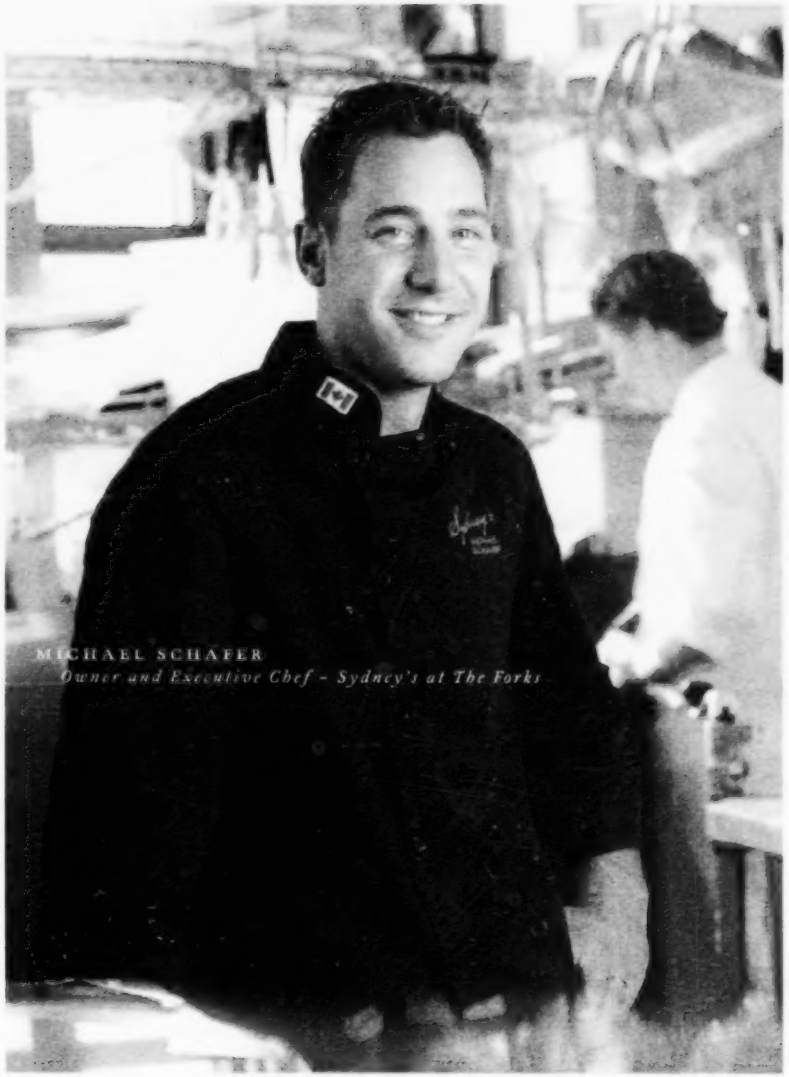
Providing an attractive environment for the downtown student population is important to the vitality of the neighbourhood. We completed the second phase of our landscaping project at The Adult Education Centre. With our $160,000 contribution in funding, the recently completed multi-million dollar Centre is a hub of activity in the downtown. Students can now relax in their green environment and, as a show of their community spirit, seniors from nearby Kiwanis Chateau have generously tended the completed gardens on the school grounds.

As we look into the future we all recognize the importance of residential development as a key element in revitalization of the downtown and we will continue in our efforts to identify housing opportunities in the North Portage neighbourhood.

Over the next few weeks Webbsite, our award winning pilot residential project in the North Portage neighbourhood, will be completed and the new owners will begin to move in. Although a relatively small condominium project, we believe Webbsite could act as a catalyst for similar residential projects in the area.

We have been working closely with the University of Winnipeg on its campus plan, including student housing initiatives. There is a strong commitment on the part of the University to better integrate the campus with ongoing efforts in downtown revitalization.

The vitality of Portage Avenue is critical to instilling public confidence that the downtown is truly moving in the right direction. We, along with Downtown Business Improvement Zone, have been coordinating The Portage Avenue Working Group. Created to establish a vision and recommendations to continue the momentum, the Working Group also includes the University of Winnipeg, Winnipeg Chamber of Commerce, CentreVenture, City of Winnipeg, Province of Manitoba, True North, Destination Winnipeg and Manitoba Hydro.



MICHAEL SCHAFER
Owner and Executive Chef - Sydney's at The Forks

The Forks

The Forks - Shall be developed as a 'Meeting Place,' a special and distinct, all season gathering and recreational place at the junction of the Red and Assiniboine Rivers, through a mixed use approach including recreational, historical and cultural, residential, and institutional and supportive commercial uses.

Building on the Experience

With nearly four million visitors annually and a site that operates 365 days a year, The Forks earns its reputation as Winnipeg's key attraction. We are always open and our recognition as the province's number one tourist destination is testament to the hard work of many people.

Recreation and heritage interpretation were key themes over the course of the last year. Both are present in several significant projects either completed or in the development stage.

This past year we completed the Peace Meeting Interpretive project, a resting area located along the Broadway Promenade pathway between the Esplanade Riel and the VIA Station. Made possible by a $150,000 grant from The Winnipeg Foundation, the interpretive site holds historical significance as the peace meeting place for several Aboriginal groups over 500 years ago. The project design incorporates story plaques and representative elements such as the eagle feather, stones, water and shards of pottery.

We are eagerly anticipating the completion of The Forks Skateboard Plaza in Spring 2006. A public open house was held at the end of June to present the preliminary design of the project with very positive results. The Forks Skateboard Plaza is being financed by a major donation from The Burns Family Foundation with additional funding from the Province of Manitoba and CentreVenture. The designers expect this to be the best skateboard plaza of its kind in North America.

The Forks Market celebrated its 16th anniversary this year. The two former stable buildings from the railway era were restored in 1989 as a public market. Looking ahead, The Forks Market continues to focus on revamping and restoring its fresh food component. With new residential developments along Waterfront Drive and in Saint Boniface, the availability of fresh meats, produce and baked goods will become an even more important necessity over the years to come.

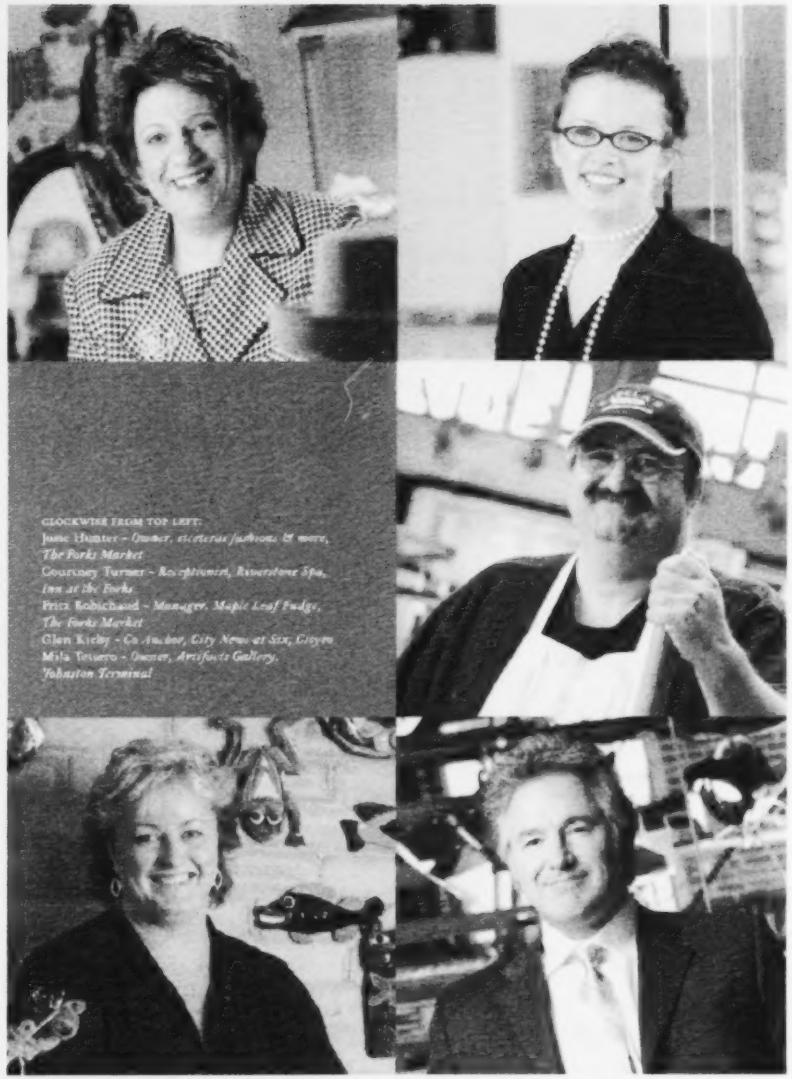
Restaurants at The Forks continue to be major attractions and our fast food tenants have received very positive reviews from visitors on the consistent excellence and diverse ethnic offerings they provide. Tenants of The Forks Market continue to provide a unique shopping experience by offering a mix of one of a kind items and handcrafted pieces.

Manitoba Theatre For Young People had one of its best seasons and its theatre program keeps growing. Johnston Terminal attracts visitors with its unique selections and restaurants. Manitoba Children's Museum had a successful year, delighting young and old with its programming and installations. And, A-Channel successfully rebranded this year to Citytv.

In collaboration with The University of Manitoba's Faculty of Architecture we are proceeding this fall with a design charette for the lands located north of The Forks, along Waterfront Drive. During this three day long exploration we will be looking for innovative development ideas that are consistent with our Concept and Financial Plan.

The Canadian Museum for Human Rights (CMHR) continues its very effective fundraising efforts with nearly $200 million committed to date. We have begun the preliminary stages to address parking and transportation issues and will work closely with CMHR to ensure all of the site's needs are met once construction is completed.

SARAH KANG
Owner - Bibi's by Sarah,
The Forks Market



CLOCKWISE FROM TOP LEFT:
Janie Hunter - *Owner, esthetics fashions & more, The Forks Market*
Courtney Turner - *Receptionist, Rejuvenator Spa, Inn at the Forks*
Peter Robichaud - *Manager, Maple Leaf Fudge, The Forks Market*
Glen Kirby - *Co Anchor, City News at Six, Crysys*
Mila Tenuero - *Owner, Artifacts Gallery, Johnston Terminal*

The Prairie Garden was officially completed this year with the addition of two interactive interpretive kiosks created with the Nature Conservancy of Canada. This unique collection of over 10,000 plants in a tall grass prairie oasis also won a prestigious Prairie Design Award for its innovative use of materials and structures. Congratulations to Cynthia Cohlmeyer, Landscape Architect, and her team for their award winning work.

Sydney's at The Forks opened last August to rave reviews from the local community. It was also awarded a higher honour later in the year as one of Canada's "top ten new restaurants" by Where Canada magazines. The Current, located within the Inn at the Forks, was voted by readers of Where Winnipeg as one of our city's top "ten new restaurants" this year as well.

Creating interesting and relevant programming is an important part of the success of The Forks. This past year we welcomed Arctic Glacier Inc. as the new title sponsor for our two month long celebration of winter. Arctic Glacier Winter Park includes 1.2 kilometres of skating trails, an Olympic-sized skating rink, 10,000 lights, a toboggan run and a custom designed snowboarding hill.

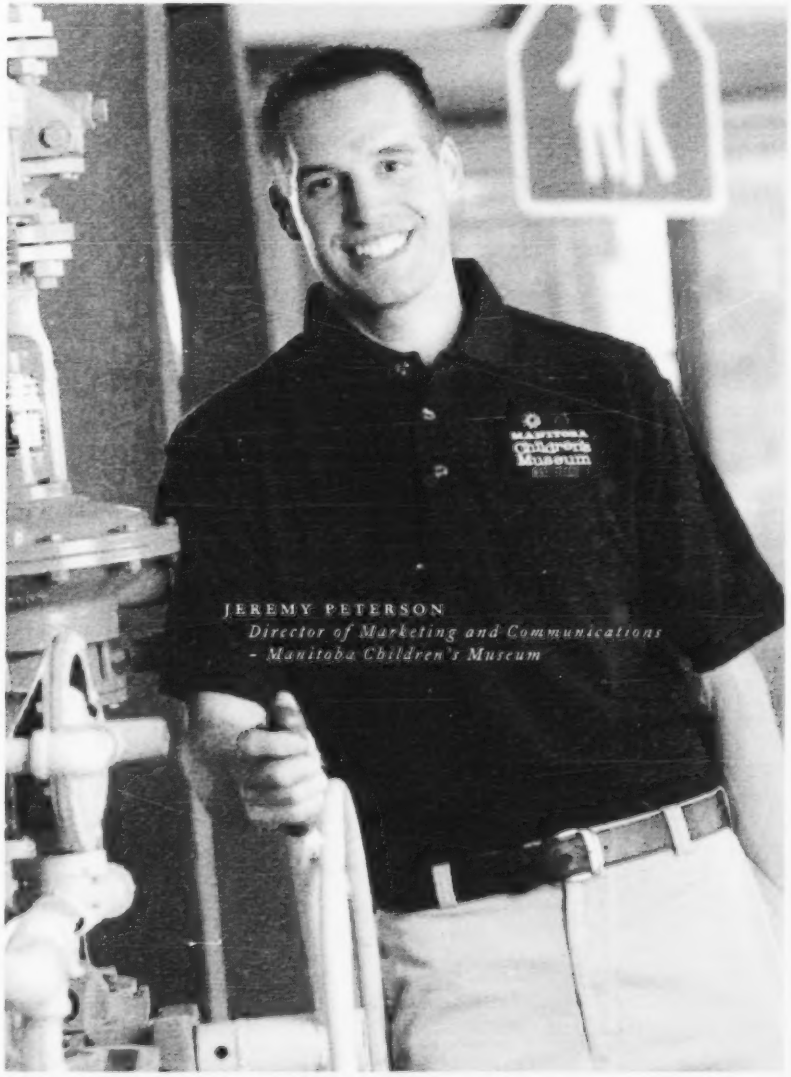
Our Summer Concert Series Live on the Scotiabank Stage also got a boost this year with Rogers Wireless' title sponsorship of Canada Day at The Forks. Drawing nearly 100,000 people to the site, the day was a huge success with family activities throughout the site and a Guess Who tribute concert on the stage.

We continue to partner with third party events to bring innovative programming to the Scotiabank Stage with events such as Kidstock, the kickoff of both the Francophone Games and Folklorama and the finale for the Indigenous Tribal Village.

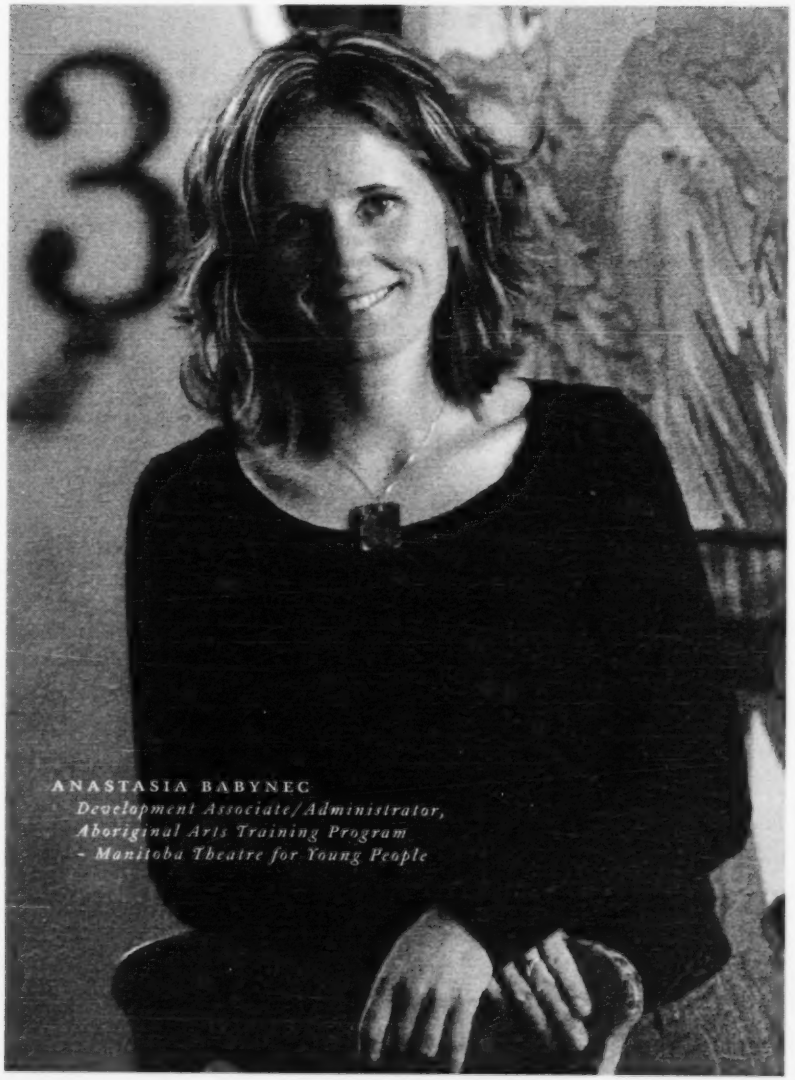
Summer at The Forks isn't complete without the Dancing Under the Canopy series. While we search for a new title sponsor we chose to continue this past summer's hugely popular program.

The second year of Jazz on the Waterfront drew large crowds with its five week run this year. Partnering with COOL FM and PROJECT COOL, we created a Jazz Idol format, with one performer walking away with a $75,000 prize package.

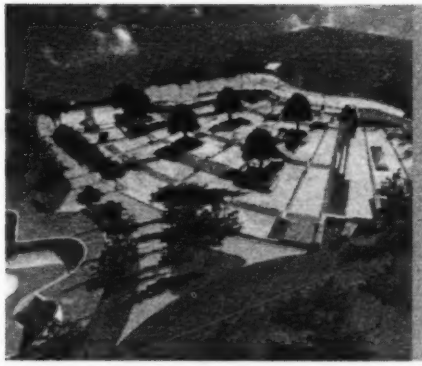
New to The Forks Market this year was the touring Tut at The Forks exhibition. Packed with over 2,000 pieces, this exhibition of museum quality replicas sparked the interest of over 14,000 visitors.



JEREMY PETERSON
Director of Marketing and Communications
- Manitoba Children's Museum



ANASTASIA BABYNEC
Development Associate/Administrator,
Aboriginal Arts Training Program
- Manitoba Theatre for Young People



The Skateboard Plaza, slated to open in Spring 2006, will be the best skateboard park in North America according to its designers.

Supporting the Future

In last year's annual report we announced the creation of The Forks Foundation, a charitable organization established "to raise funds to support and enhance historical, cultural and public amenities at The Forks."

It is precisely because of projects like the Skateboard Plaza and the Peace Meeting Interpretive site that we have established The Forks Foundation as a separate entity to support new projects and to improve upon the character of our site.

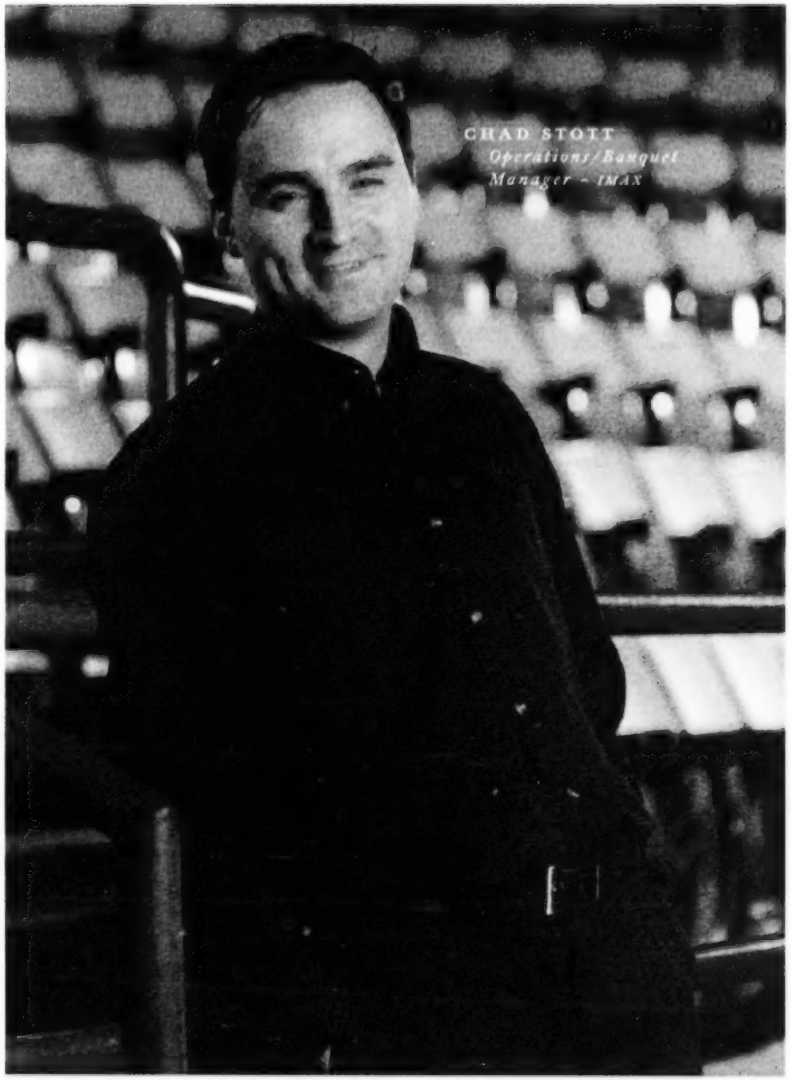
This past year The Foundation appointed its first chair, Mr. Garry Hilderman, a respected, award winning landscape architect. The Foundation's first Board of Directors was also established: Phil Sheps, Jean Friesen, Daniel Boucher, Charlene Shatsky and Sandy Chahal. In the coming year, The Forks Foundation will complete its development plan to identify new projects to be supported through The Foundation's fundraising efforts.

The Forks North Portage Partnership Board of Directors

William Norrie, Q.C. ~ *Chair*,
Rosemary Chambers,
Charlene Shatsky

Jeff Rabb,
Leonard Harapiak,
Daniel Boucher

Sandy Chahal,
Michael Nozick,
Wayne Onchulenko


CHAD STOTT
Operations/Banquet
Manager - IMAX

Comments

This financial information represents the consolidation of the results of three entities, North Portage Development Corporation, The Forks Renewal Corporation and The IMAX Theatre at Portage Place and reflects positive income from the combined operations before depreciation and amortization.

Revenues
Overall gross revenues have increased over the prior year. Parking revenues are above last year as a result of rate increases, higher usage of our Portage Place and Place Promenade parkades due to the opening of The MTS Centre, and the cooler weather experienced last year. The current year's IMAX Theatre at Portage Place revenues include recoveries of prior years expenses. Rental income now includes a full year of operation of The Carlton Building. Included in miscellaneous income are property tax refunds.

Expenses
Overall, total expenses are higher than the prior year due to a number of factors. Parking expenses include higher costs associated with an increase in security coverage at The Forks site and additional staffing due to increased traffic at the North Portage parking facilities. The Forks Market expenses include significant costs associated with repairs done on the heating and ventilation systems as well as increases in utility costs. The Forks site costs include higher costs related to summer flooding levels and expanded winter programming.

THE FORKS NORTH PORTAGE PARTNERSHIP
SUMMARY OF FINANCIAL INFORMATION

Balance Sheet

	March 31, 2005	2004
Assets	*(in thousands)*	
Current	3,839	4,359
Other	612	688
Fixed	21,148	20,821
Properties & infrastructure enhancements	66,572	68,199
	92,171	**94,067**

	March 31, 2005	2004
Liabilities	*(in thousands)*	
Current	5,252	5,766
Long term	27,184	27,885
Equity		
Net Equity	59,735	60,416
	92,171	**94,067**

Operations, Investments & Financing Activities

	March 31, 2005	2004
Revenues	*(in thousands)*	
Parking	3,720	3,332
Land lease	1,648	1,649
Forks Market	1,537	1,461
IMAX Theatre	839	971
Interest	62	118
Rental	489	300
Sponsorship	224	245
Events	33	47
Public amenities recoveries	158	111
Miscellaneous	244	95
total revenues	8,954	8,329
Expenses		
Parking	1,828	1,729
Forks Market	1,634	1,508
IMAX Theatre	1,230	1,180
General & Administration	995	1,072
Program & Events	575	670
Forks site	1,191	1,054
Rental	327	284
Planning & Development	362	297
Sponsorship	96	80
total expenses	8,238	7,874
Income*	**716**	**455**
Investment & financing activities		
Net investment in Partnership assets	(1,964)	(4,609)
Deferred contributions	1,200	779
Net changes in non-cash working capital items	(99)	217
Net cash outflow	(147)	(3,158)
Depreciation & amortization		
Depreciation of capital assets	(3,291)	(3,031)
Amortization of deferred contributions	1,893	1,838

* Net income before depreciation and amortization
Detailed Financial Statements available upon request

Thank You

Our thanks and appreciation to our many community partners who help make all things possible:

Arctic Glacier Inc.
Audioworks
Burns Family Foundation
CentreVenture
CJOB/Power 97 FM
COOL FM
CTV
Distant Caravans
Downtown Winnipeg BIZ
Festival du Voyageur
Folklorama
Government of Canada
Guppy Graphic Design
Inn at the Forks
Jeux de la francophonie canadienne
Johnson Waste Management
Johnston Terminal
Marwest Group of Companies
Mitchell Fabrics
Native Communications Inc.
Nature Conservancy of Canada
92CITI FM
Omni Facility Services Canada Corporation
Parks Canada
Province of Manitoba
Q_94 FM/BOB FM
Rivers West
Rogers Wireless
Scotiabank
The City of Winnipeg
The Great West Life Assurance Company
The Winnipeg Foundation
University of Winnipeg
Winnipeg Jazz Orchestra
University of Winnipeg Jazz Ensemble
Western Economic Diversification
White Buffalo Spiritual Society
Winnipeg Jazz Festival
Winnipeg Symphony Orchestra
Winnipeg Free Press
Winnipeg Sun

The Forks Renewal Corporation
North Portage Development Corporation

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